

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4549

August 25, 2005

R E S O L U T I O N

**(RES. W-4549), STIRLING BLUFFS CORPORATION (SBC). ORDER
AUTHORIZING A ONE-TIME SURCHARGE TO RECOVER AN
INCREASE IN WATER TESTING COSTS PRODUCING AN
INCREASE IN ANNUAL REVENUES OF \$353 OR 0.90%.**

SUMMARY

This resolution grants SBC an offset rate increase in gross annual revenues of \$353 or 0.90%, which will be recovered through a one-time surcharge of \$2.31 per customer. This is in order to recover the balance in SBC's Water Quality Memorandum Account (WQMA). This rate increase will not result in a rate of return greater than the last authorized for SBC.

BACKGROUND

SBC, by Advice Letter (AL) No. 45, filed on June 9, 2005, requests authority under Section VI of General Order (G.O.) 96-A and Section 454 of the Public Utilities Code to add a one-time surcharge to its tariff Schedule No. 1, Metered Service, resulting in an increase in annual revenues of \$353 or 0.90%. This increase is to recover SBC's WQMA balance. The WQMA account tracks water testing costs above and beyond the amount allowed in the last general rate case.

SBC presently serves 153 metered customers in residential areas located in Stirling City and vicinity north of Paradise, Butte County.

SBC's Schedule No. 1 rates became effective on June 15, 2004, pursuant to Resolution (Res.) No. W-4471, which authorized a general rate increase of \$1,425 or 1.3% and a rate of return of 8.53%.

DISCUSSION

Res. No. W-4327, dated March 6, 2002, authorized all Class B, C, and D water utilities to establish WQMAs for recording expenses resulting from drinking water regulations, including water sampling, testing, reporting, and treatment costs, not presently

included in rates. Class B, C, and D water utilities were also authorized to request recovery of these account balances by advice letter filings in accordance with G.O. No. 96-A. WQMA recovery requires a resolution.

The surcharge requested herein would allow SBC to recover the WQMA balance, which totals \$353 from November 1, 2003 through December 31, 2004. The Water Division recommends that SBC be authorized to assess a one-time surcharge of \$2.31 per customer to recover the \$353 balance, which will be booked in the WQMA balancing account.

Service is satisfactory. There are no Commission orders requiring system improvements and there are no service problems requiring corrective action. SBC has been filing annual reports regularly and currently complies with all Commission orders and regulations.

NOTICE AND PROTESTS

SBC has given public notice of the proposed rate increase by publishing a notice in a local newspaper of general circulation on June 25, 2005. There were no letters of opposition to the requested increases.

FINDINGS

1. Res. No. W-4327 authorized SBC to establish a Water Quality Memorandum Account.
2. SBC properly established its account and booked \$353 to it.
3. Staff reviewed the account and determined that recovery by a \$2.31 per customer surcharge for one month is reasonable.
4. The resultant rate increase authorized in this resolution will not result in a rate of return greater than the last authorized for SBC.
5. The Commission finds, after investigation by the Water Division, that the changes hereby authorized are justified and the resulting rates are just and reasonable.
6. This is an uncontested matter subject to the public notice comment exclusion provided in the Public Utilities Code Section 311(g)(3).

THEREFORE IT IS ORDERED THAT:

1. Stirling Bluffs Corporation's Advice Letter No. 45 is hereby approved.
2. Stirling Bluffs Corporation is authorized, five days after the effective date herein, to make effective the revised Schedule No. 1, Metered Service, attached to Advice Letter No. 45, and to cancel the corresponding presently effective rate schedule.
3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on August 25, 2005; the following Commissioners voting favorably thereon:

STEVE LARSON
Executive Director

MICHAEL R. PEEVEY
President
GEOFFREY F. BROWN
SUSAN P. KENNEDY
DIAN M. GRUENEICH
JOHN A. BOHN
Commissioners